

# Annual report

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**2015**



## HOLDING

### Simac Techniek NV

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Hans Stellingsma, Director  
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## ICT INFRASTRUCTURES

### Simac ICT Netherlands

#### Simac ICT Nederland bv

##### ICT Market

Bernard Dortmans

##### ICT Factory

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#### Simac International Services bv

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### Simac ICT Belgium

#### Simac NV

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#### Simac BMS GmbH

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## ICT APPLICATIONS

### Simac Business Solutions bv

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### Simac Phobos bv

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### Simac Triangle bv

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## INDUSTRIAL ELECTRONICS & AUTOMATION (IE&A)

### Simac Electronics bv

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### Simac Masic & TSS bv

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### Simac Professional SA

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### TLB Financiering bv

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<b>Explanatory note and disclaimer</b>	In this condensed annual report, the financial performance and key developments of Simac have been presented for the year ending on 31 December 2015. The annual accounts of Simac have been audited by BDO Audit & Assurance bv. They have issued an unqualified opinion, which is included in the annual accounts. These annual accounts are published on the website of Simac, in the Dutch language only. Under all circumstances, only the Dutch, fully published version of the annual accounts is legally binding.	



## Notice from the board of directors

In 2015, Simac took important steps to achieve an improvement in results. Turnover grew by 4.7%, to € 185 million. The operating result and net profits grew, yet fell short of their targets and, as in 2014, were modestly positive. Customer-satisfaction rose across the board.

Early 2015 was still a struggle from a financial perspective. The costs at Simac ICT Nederland were too steep. These costs only started to drop in the course of the first six months thanks to the reorganisation of late 2014 taking effect. Some projects at various operating companies generated additional costs, causing the half-year result to end negatively. However, the fall in costs and a positive latter part of the year ensured that the end result for the whole of 2015 was positive.

In the final quarter of 2015, Simac was approached by the Belgian company ESAS, which had a keen interest in taking over Simac 3 Services (S3S). It was the express wish of S3S management to join this group, as their chances of international expansion would be better served as part of ESAS. This ultimately led to an agreement on 11 January 2016, which led to the sale of Simac 3 Services. The proceeds from this transaction have been allocated to the financial year of 2016.

Simac Techniek NV having taken over 15% Simac Techniek CR shares from Simal Beheer BV has increased the current overall stake of Simac to 60% and therefore this company will be consolidated in the turnover from 2016 onward. It is expected that this will largely compensate the loss in turnover of Simac 3 Services.

ICT activities in the Retail Market proved to be particularly successful in 2015. Growth among existing and new customers meant that 2015 was a record year for Simac Retail. It will be a challenge to continue this trend in 2016, as turbulence in this market segment is high.

Overall, we are confident in our outlook for the year 2016. The increase in customer satisfaction and the steps completed in 2015 mean that we expect to conclude this year positively as well.

We would like to take this opportunity to thank our customers for their trust in Simac, the orders and the positive cooperation in 2015. We also express our gratitude to the supervisory board and the works council for their contribution in order to reach the right decisions, together. Finally, we would like to thank all members of staff for their tremendous efforts, customer focus and loyalty.

On behalf of the board of directors

**Eric van Schagen**  
CEO

Veldhoven, 6 April 2016

# The board of directors of Simac Techniek NV

## **Ir. E. van Schagen (1956), Dutch**

CEO

Key ancillary positions:

- FHI federation chairman (until 30/06/2016)
- Member of the supervisory board of Rabobank Eindhoven-Veldhoven
- Member of the supervisory board of Mignot & De Block
- Member of the supervisory board of TechnoStars
- Member of the supervisory board of Breedband Regio Eindhoven (BRE)
- Member of the supervisory board of Diagnostiek voor U
- Chairman of the board of Coöperatie Slimmer Leven 2020
- Chairman of Stichting Universiteitsfonds Eindhoven
- Chairman of VMHC Basko

## **M.F.J.A. van Kasteren RA (1961), Dutch**

CFO

## **Drs. J. Stellingsma MPhil (1956), Dutch**

Member of the board

Key ancillary positions:

- Chairman of the supervisory board of Longfonds
- Chairman of the supervisory board of Omring
- Chairman of the supervisory board Velison
- Member of the supervisory board of Wooncompagnie

# Supervisory board of Simac Techniek NV

## **Dr. ir. H.P.M. Kivits (1953), Dutch**

Chairman

General Director of Koninklijke Van den Boer Groep

Key ancillary positions:

- Chairman of the supervisory board of Efteling in Kaatsheuvel
- Chairman of the supervisory board of Theater aan de Parade in Den Bosch
- Chairman of the supervisory board of Eredivisie CV in Zeist
- Chairman of the supervisory board of KNVB Professional Football Clubs in Zeist
- Member of the supervisory board of Chassé Theater in Breda
- Member of the board of Stichting Preferente aandelen C Van Lanschot in Den Bosch

## **ir. N.I.M. Hermans (1951), Dutch**

Vice-chairman

Former member of the board of ASML

## **W. van Winden (1952), Dutch**

Former CFO of Philips Nederland, later Benelux

Key ancillary positions:

- Chairman of the supervisory board of Woningcorporatie Trudo in Eindhoven
- Chairman of the supervisory board of Woningborg in Gouda
- Member of the supervisory board of GGZ Instelling Altrecht in Utrecht
- Also active in volunteer work

Amounts are in thousands of euros

## Directors' report

### FINANCIAL STATE OF AFFAIRS

#### Key Points

- Turnover rises by 4.7%, from € 177.0 million to € 185.3 million
- Operating result rises from € 1.4 million to € 1.7 million
- Net profits rise from € 0.8 million to € 1.0 million
- The cash position decreased from € -0.7 million to € -3.2 million.
- Solvency based on group equity at year-end 2015: 27.4% (2014: 32.2%)

#### Transition from IFRS to NL GAAP

Following the termination of the listing of the Simac shares, there no longer is an obligation to draw up the consolidated accounts in accordance with International Financial Reporting Standards (IFRS). Consequently, with effect from the 2015 financial year, Simac has decided to draw up the annual accounts in accordance with Title 9, Book 2, of the Netherlands Civil Code (NL GAAP). The transitional effect on equity as at 31 December 2014 amounts to € -5,092. The result is not affected.

#### Results

The results can be summarised as follows:

Condensed consolidated profit and loss account	2015	2014
<b>Net turnover</b>	<b>185,292</b>	<b>177,027</b>
Changes in work in progress	1,085	-3,212
Subcontracted work and other external costs	-96,050	-83,237
<b>Gross profit</b>	<b>90,327</b>	<b>90,578</b>
Other operating income	174	1,994
Personnel and other operating expenses	-86,790	-88,308
<b>EBITDA</b>	<b>3,711</b>	<b>4,264</b>
Depreciation and impairments	-1,973	-2,902
<b>Operating result (EBIT)</b>	<b>1,738</b>	<b>1,362</b>
Financial income and expenses	68	-148
<b>Group result before taxation</b>	<b>1,806</b>	<b>1,214</b>
Corporate income taxes	-784	-352
Minority interest	-17	-16
<b>Net result after taxation</b>	<b>1,005</b>	<b>846</b>

Amounts are in thousands of euros

### Turnover

Turnover rises by 4.7%, from € 177.0 million to € 185.3 million. The turnover in projects rises 6.1%, from € 101.0 million in 2014 to € 107.2 million in 2015. Turnover in services too rises from € 14.1 million to 19.8 million, an increase of 40.1%. Turnover in contracts falls by 5.8%, from € 62.0 million to € 58.4 million. This fall manifests itself in the first six months of the year. Turnover recovers to 2014 levels in the latter part of the year.

### Gross profit

Gross profit is defined as the result of net turnover, changes in projects in progress and costs of work outsourced work and other external costs.

Gross profit for the financial year amounts to € 90.3 million (2014: € 93.6 million). The gross profit percentage compared to turnover falls from 51.2% to 48.7%. A significant part of the margin pressure is caused by additional efforts to secure customer-satisfaction and to further develop the Cloud services. In addition, Simac is confronted with a customer base that is subject to ongoing cutbacks and cost reduction programmes, which form part of the policy of many organisations and companies.

### Other operating income

Other operating income falls from € 2.0 million to € 0.2 million. This is because the 2014 financial year benefited from a book profit of € 1.8 million on account of the sale of a subsidiary.

### Operating profit

The consolidated operating result rises from € 1.4 million to € 1.7 million. The operating result for depreciations and amortisations (EBITDA) falls from € 4.3 million to € 3.7 million.

### Operating expenses

The operating expenses are as follows.

Operating expenses	2015	2014	Changes
Personnel expenses	68,913	69,380	-467
Depreciation	1,973	2,363	-390
Impairments	-	539	-539
Other operating expenses	17,877	18,928	-1,051
	<b>88,763</b>	<b>91,210</b>	<b>-2,447</b>

Operating expenses fall by 2.7%, from € 91.2 million to € 88.8 million. Personnel expenses fall by 0.7%, from € 69.4 million to € 68.9 million. Depreciation and impairment losses fall by a total of € 0.9 million and other operating expenses by € 1.1 million. The fall in other operating expenses relates to the restructuring provision booked at year-end 2014. This provision was used in 2015.

Amounts are in thousands of Euros

Personnel expenses are explained in more detail below.

<b>Personnel expenses</b>	<b>2015</b>	<b>2014</b>	<b>Changes</b>
Salaries and wages	50,218	50,955	-737
Social security and pension premiums	11,264	11,708	-444
Other personnel expenses	7,431	6,717	714
	<b>68,913</b>	<b>69,380</b>	<b>-467</b>
<b>Average number of employees</b>	<b>947</b>	<b>949</b>	<b>-2</b>
<b>Costs per employee (in euros)</b>	<b>72,770</b>	<b>73,105</b>	<b>-335</b>

Other operating expenses are explained in more detail below.

<b>Other operating expenses</b>	<b>2015</b>	<b>2014</b>	<b>Changes</b>
Housing expenses	3,602	3,622	-20
Car and travel expenses	8,736	8,736	-
Telecom and automation expenses	2,070	2,179	-109
Sales expenses	1,147	1,333	-186
General expenses	2,322	3,058	-736
	<b>17,877</b>	<b>18,928</b>	<b>-1,051</b>

#### **Balance of financial income and expenses**

A sum of € 105 (2014: € -105) of the balance of the financial income and expenses is made up of the share in results of non-consolidated participations, while € -37 (2014: € -134) of the balance of the financial income and expenses is made up of the balance of interest charges and income.

#### **Tax on profits**

The effective tax on profits expressed as a percentage of the pre-tax group result rises from 29.0% to 43.4%. In 2014, the tax burden was affected positively as the book profit generated from the sale of a subsidiary is tax exempt (participation exemption).

The tax burden of € 0.8 million booked on balance in the year under review is made up of € 0.6 million of acute taxes payable mainly in Belgium and of a € 0.2 million tax burden in the Netherlands, as a result of the realisation of deferred taxes.

The effective tax burden from Belgium is negatively affected due to non-deductible expenditures. Moreover, the nominal rate of 34% is significantly higher than in the Netherlands.

Amounts are in thousands of Euros

## Financial position

The condensed consolidated balance sheet is as follows.

Condensed consolidated balance sheet	2015	2014	Changes
Intangible fixed assets	2	-	2
Tangible fixed assets	5,429	5,341	88
Financial fixed assets	9,233	9,800	-567
Deferred tax assets	2,337	2,575	-238
<b>Fixed assets</b>	<b>17,001</b>	<b>17,716</b>	<b>-715</b>
Inventories and work in progress	3,290	1,487	1,803
Receivables	65,541	47,378	18,163
Cash and cash equivalents	361	1,043	-682
<b>Current assets</b>	<b>69,192</b>	<b>49,908</b>	<b>19,284</b>
<b>Total assets</b>	<b>86,193</b>	<b>67,624</b>	<b>18,568</b>

<b>Group equity</b>	<b>23,688</b>	<b>21,747</b>	<b>1,941</b>
Provisions	3,179	4,399	-1,220
Long-term liabilities	74	124	-50
Short-term liabilities	59,252	41,354	17,898
<b>Total liabilities</b>	<b>62,505</b>	<b>45,877</b>	<b>16,628</b>
<b>Total equity and liabilities</b>	<b>86,193</b>	<b>67,624</b>	<b>18,569</b>

As a result of the transition from IFRS to GAAP, the comparative figures for 2014 have been adjusted. The main changes are:

- Equity falls by € 5.9 million due to write-down of goodwill and valuation of investments and pensions.
- The balance sheet total falls by € 17.0 million, mainly due to set-off of projects in progress and progress billing.

Amounts are in thousands of Euros

The balance sheet at year-end 2015 is affected by the following developments:

- As a result of the consolidation of Simac Czech Republic at year-end 2015, the balance sheet total rises by € 12.7 million. This mainly concerns trade receivables (€ 9.4 million) and projects in progress and inventories (€ 2.0 million).
- As a result of the de-consolidation of Simac Professional, the balance sheet total falls by € 1.0 million.

Fixed assets fall by € 0.7 million, from € 17.7 million to € 17.0 million. Net investments in (in)tangible fixed assets amount to € 1.9 million (2014: € 1.7 million), whereas total depreciations are € 2.0 million (2014: € 2.4 million). Financial fixed assets fall by € 0.6 million to € 9.2 million. Significant changes include the consolidation of Simac Czech Republic or de-consolidation of Simac Professional. On balance, this creates an effect of € 1.1 million and enhanced finances of € 0.7 million. Deferred tax assets fall by € 0.2 million as a result of realisation on the basis of taxable profit.

Current assets rise by € 19.3 million, from € 49.9 million to € 69.2 million. The increase, excluding the effect of the consolidation of Simac Czech Republic, amounts to € 6.9 million.

Group equity rises by € 1.9 million, from € 21.7 million at year-end 2014 to € 23.7 million at the end of the financial year. At the end of the financial year, equity amounts to € 22.5 million (year-end 2014: € 21.8 million) and the third-party share € 1.2 million (2014: € 0.0 million).

The fall in provisions of € 4.4 million to € 3.2 million is largely due to the restructuring carried out in 2015 at Simac ICT Nederland bv. The provision made at year-end 2014 was used for this.

Short-term liabilities rise by € 17.9 million, from € 41.4 million to € 59.3 million. The increase, excluding the effect of the consolidation of Simac Czech Republic, amounts to € 8.3 million. The credit drawn down rises by € 1.8 million, from € 1.8 million to € 3.6 million, bringing the organic increase in short-term liabilities to € 6.5 million.

The cash flows during the financial year can be summarised as follows:

Summary of cash flows	2015	2014	Changes
Net cash from operating activities	1,071	4,850	-3,779
Net cash used in investing activities	-2,454	-8,472	6,018
Net cash from financing activities	993	245	748
<b>Changes in cash and cash equivalents</b>	<b>-390</b>	<b>-3,377</b>	<b>2,987</b>

The decrease in cash flow from operations by € 3.6 million is mainly due to lower depreciations of € 0.9 million, difference in the change in working capital of € 0.7 million and payment of income taxes in Belgium, € 1.6 million.

Amounts are in thousands of Euros

The lower level of investment relates to the provision of a loan of € 8 million to Simal Beheer bv in 2014. Investments in (in)tangible fixed assets amount to € 2.0 million (2014: €1.7 million). In addition, during the financial year financing was provided to the amount of € 0.7 million.

The cash flow from financing activities includes the withdrawal from the available overdraft facility. In 2015, this withdrawal amounts to € 1.3 million (2014: €1.8 million). Furthermore, the dividend paid in 2015 of € 0.3 million (2014: € 1.5 million) is included in this cash flow.

The dividend proposal for the 2015 financial year amounts to € 0.02 per ordinary share and 3% on preference shares A and B. The total value of the proposed dividend amounts to € 606. This proposal will be discussed in the general meeting of shareholders.

## **PERSONNEL AND ORGANISATION**

On 31 December 2015, the number of fulltime employees of Simac amounted to 951 (year-end 2014: 948). During the year under review, an average of 947 employees were employed on a fulltime basis, compared to 949 in 2014. The average number of employees in the Netherlands is 652 (2014: 674) and 296 abroad (2014: 275).

The average sickness absence level in the Netherlands, exclusive of maternity leave, is 2.41% (2014: 1,72%).

### **Development**

The continuous development of employees is one of the key elements of the HR policy of Simac. In addition to technical and professional competencies, this includes personal skills. An introduction programme has been drawn up for new employees. In a period of 12 months, new employees are made familiar with the methods, procedures and the “DNA” of Simac, with particular attention being paid to the diversity of our organisation. The objective is thus to further develop cooperation and synergy.

### **Education**

Simac maintains close relations with various educational institutions, allowing Simac to continue to be involved in the recruitment and training of new talent in the ICT sector.

### **Works council**

As in previous years, 2015 has seen constructive collaborations with the works council of Simac Techniek. Relations between the board of directors and the works council members are positive, with respect for each other’s positions and viewpoints.

### **Information about the male/female ratio**

Please refer to page 14 of this report.

## OUTLOOK

Simac expects 2016 to be a challenging year with good opportunities for efficiency improvements. However, pressure from customers to provide our ICT services more efficiently and at lower costs continues to be high. Partly because of that, Simac expects it will continue to invest in the innovation of its services in order to increase customer satisfaction. This can put pressure on the return, yet will contribute to the continuation of customer relations.

Simac will continue to pursue a cautious policy in the field of personnel and investments, but invest as and when required if this leads to a demonstrable contribution to the service provision. The strong financial position, which is further enhanced by the sale of Simac 3 Services early 2016, offers an excellent departure point for the investment in the organisation considered necessary in this context.

Simac does not provide detailed statements about the expected return in 2016.

Veldhoven, 6 April 2016

The board of directors

**E. van Schagen**

**M.F.J.A. van Kasteren**

**J. Stellingsma**

# Corporate Governance

## EXPLANATORY NOTES TO CORPORATE GOVERNANCE

Simac endorses the importance of proper corporate governance, including the integrity and transparency of the actions by management and has opted to explain the applicable principles below. While not mandatory, Simac is guided by the Dutch Corporate Governance Code, without fully applying it. Deviations from the code are not explained further.

### Outlines of corporate governance structure

Simac Techniek NV is a two-tier board company with a board of directors and an independent supervisory board. This is a so-called two-tier management structure. The main features are as follows:

#### Board of directors

During the year under review, the board of directors of Simac Techniek comprised of three people, engaging in the management and strategy of the company, as well as the deployment of resources and manpower. The board regularly consults the supervisory board. In accordance with the applicable regulations, important decisions are submitted to the supervisory board and/or the general meeting of shareholders for approval. The supervisory board appoints the board of directors and can suspend and/or dismiss a director. The remuneration and other terms and conditions for appointing a director are determined by the supervisory board.

#### Supervisory board

The supervisory board supervises the policy of the board of directors and the general affairs and advises the board. The supervisory board focuses on the interests of the company. Supervisory directors are appointed by the general meeting of shareholders, on the recommendation of the supervisory board. A supervisory director resigns on the date of the general meeting of shareholders, four years after his appointment and may be reappointed without limit. The remuneration of the members of the supervisory board is set by the general meeting of shareholders. The supervisory board includes an audit committee and a remuneration committee.

#### Annual general meeting of shareholders

The annual meeting is held each year, within five months of the financial year ending. In addition to the agenda items prescribed by law, the agenda of the general meeting of shareholders also contains other proposals of the board of directors, the supervisory board or of shareholders representing at least 3% of the issued capital.

The main powers of the general meeting are:

- the right to appoint the supervisory directors and to determine the remuneration;
- the adoption of the annual accounts and the discharge of the board of directors for the policy pursued and the supervisory board for their supervision in the past year under review;
- adoption of dividend on ordinary and preferred shares;
- resolutions on amendments to the articles of association;
- issuance by the company of shares or the restriction or exclusion of pre-emptive rights of shareholders;
- the purchase and cancellation of own shares by the company.

### **Extraordinary general meeting of shareholders**

An extraordinary general meeting of shareholders was held on 11 November 2015. The following agenda items were discussed:

1. Appointment of auditor
2. Composition of the supervisory board

#### **Re. 1. Appointment of auditor**

With effect from the 2014 financial year, BDO Audit & Assurance bv have been appointed the external auditors.

#### **Re.2. Composition of the supervisory board**

Mr N.I.M. Hermans was reappointed as a supervisory director.

### **Information about the male/female ratio**

Simac has taken note of the legislation regarding the male/female distribution in the board of directors and the supervisory board. Currently Simac does not meet the 30% target of female representation in said management bodies. On the basis of the current numerical composition of both bodies, it concerns two people. For future vacancies, Simac will consider the current deficiency but it will let individual qualities prevail during nominations to the general meeting of shareholders.

### **RISK AND RISK MANAGEMENT**

Simac has a risk management and control system (Internal Control Framework) that takes into account the size and complexity of the organisation.

1. Risk analysis of operational and financial risks
2. Manuals for the organisation of financial reporting and the procedures to be followed during the set-up thereof
3. A monitoring and reporting system

#### **1. Risk analysis of operational and financial risks**

The main operational and financial risks are explained below.

Competition comes from both national and international ICT companies. A number of competitors (especially large organisations with a deviating corporate model) may at certain times feel that the combination of a market product is important to the extent that, for a certain period of time, they are prepared to offer specific solutions under the market price or to take measures anticipating a scale to be attained in the future. This can lead to prices being put under pressure or the loss of clients and orders.

Despite all research, the close involvement of the board of directors, supervisory board and other precautions, acquisitions remain an important risk factor. This partly explains why a cautious acquisition policy is conducted.

Important to Simac is that a substantial part of the margin comes from management contracts which are often entered into for multiple years. Positive and negative changes in this recurring business affect the development of future profitability. Any changes in the contract portfolio are monitored by management from month to month and a lot of attention is paid to the renewal dates of current contracts. In the event existing contracts are not renewed, there is the risk of short or long-term losses due to underutilisation. If these losses prove to be structural, Simac may be compelled to adjust its work capacity accordingly.

ICT projects are generally accepted on the basis of fixed price agreements (obligation of result). Entering into result obligations leads to higher risks in respect of profitability, particularly in the case of large projects.

Systems installed or infrastructures managed by Simac for its clients are used for operationally critical processes. Interruption of these operational processes as a result of actions by Simac may lead to (reputational) damage and claims.

The markets in which Simac operates are subject to fast technological changes. The introduction of new products or technologies could lead to a rapid and substantial reduction of income from current products and services. It is vital that Simac is able to timely adopt and integrate new technologies in its range of products and services.

Suppliers who are important to Simac issue partnership statuses which are decisive for the prices and conditions under which Simac can purchase from these suppliers. Retention of these statuses is important in respect of purchasing discounts and other favourable purchasing conditions. Technical engineers from Simac regularly attend certification courses to ensure specific product knowledge.

Within the framework of risk management, Simac Techniek NV has taken out insurance against the most common risks relating to business operations, such as trading loss, fire and liability. Simac is of the opinion that the insurance taken out offers sufficient cover to manage such risks and to limit the effect on the result.

## **2. Manuals for the organisation of financial reporting and the procedures to be followed for the set-up thereof**

The manuals for the organisation of financial reporting and the procedures to be followed for the set-up thereof are incorporated in the Simac Accounting Manual. This manual includes the following elements:

- group reporting schedule;
- set of standard reporting formats;
- accounting principles;
- intercompany procedures.

The reporting formats include monthly balance sheets and profit and loss accounts and overviews of the operating capital and foreign currency positions. In addition, the budgets and the monthly figures are often furnished with explanatory notes (management summary) by the board of directors of the Simac companies. The budget is evaluated each quarter. The operating capital overviews are prepared on a weekly basis and detail information on debtors, creditors, inventories and liquid assets.

The fortnightly foreign currency positions focus on the foreign currencies that are most important to Simac, viz., USD, CHF and JPY. Simac covers the reported currency positions as much as possible in cash, taking into account the projected cash flows in time, where possible.

The intercompany procedures provide for a monthly written liaison on mutual progress and debts.

Simac has signed a horizontal monitoring agreement with the Dutch tax authorities. Measures for securing a reliable processing of tax liabilities are incorporated into the existing system of internal control and management measures, as much as possible.

### **3. Monitoring and reporting**

The monitoring and reporting system within Simac is geared to the monthly and quarterly meetings between the board of directors of Simac Techniek NV and the Simac companies. During these meetings, the boards of directors of the subsidiaries provide a more detailed explanation to the financial position, the results and the forecast for the remainder of the financial year based on the monthly balance sheet and the profit and loss account.

Each quarter, the boards of directors of the Simac companies report on risk management and control by means of an internal letter of confirmation. This concerns financial risks, such as: complying with reporting requirements, valuation of projects, inventories and accounts receivable, complying with the requirements of revenue recognition and making effective reservations. In addition, an assessment is made in respect of risks attached to legal, insurance and staff aspects, twice a year.

The results of the quarterly reports are discussed by the holding board with the audit committee.

The board of directors of Simac Techniek NV believes that the procedures of quarterly meetings with additional written reporting enables the board of directors to effectively monitor the developments within the subsidiaries and to take corrective measures, where and when required.

# Report from the supervisory board

## Report on supervisory tasks by the supervisory board

We hereby present the report of the supervisory board for the year 2015.

The annual accounts have been audited by BDO Audit & Assurance bv, who have issued an unqualified audit opinion. We advise the Annual General Meeting of Shareholders to adopt the annual accounts and discharge the board of directors. The supervisory board supports the dividend proposal.

During the year under review, the supervisory board met eight times. These meetings were held in the presence of board of directors. These meetings were attended by the members of the supervisory board and the board of directors. The supervisory board met without the board of directors once. In this meeting, the performance of the supervisory board itself and that of the board of directors was discussed.

Significant topics discussed in the meetings during the year include:

- Monthly financial reports with insight into the development of results, financial and cash positions and operating results per operating company.
- Progress with regard to approach and priorities per operating company.
- The adjusted forecast results on the basis of developments during the financial year, per quarter.
- The budget, both consolidated and per operating company, for 2016.
- Developments per operating company are monitored closer as directors present their operating companies and are asked questions during the meetings.
- Preparation of extraordinary general meeting of shareholders with agenda items that include reappointment of Mr Hermans as a supervisory director and the appointment of BDO Audit & Assurance bv as auditors for the 2015 financial year.
- The possible sale of Simac 3 Services was discussed and evaluated on its merits, at the end of the year.

During 2015, the supervisory board held several constructive meetings with the works council. In connection with Mr Hermans retiring, the works council made use of the right to nominate a new supervisory director to be appointed. Within this framework, the works council decided to nominate Mr. Hermans for reappointment. The reappointment was made at the extraordinary general meeting of shareholders of 11 November 2015.

## Report on supervisory board committees

### Audit committee

The audit committee comprises of W. van Winden (chairman) and H.P.M. Kivits. Given his background and experience, Mr Van Winden acts as a financial expert. During the year under review, the committee met three times.

The audit committee inspected the audit report of BDO in the meeting of 9 March 2016. This report was explained by the auditors during the meeting and the questions of the audit committee were answered satisfactorily. Compared to the internal figures that were presented, no adjustments of material importance were made.

Following the experiences in the audit of the 2014 financial year, the audit committee was actively involved in the evaluation. This evaluation led to the decision to propose in the Extraordinary General Meeting of Shareholders to appoint BDO Audit & Assurance bv as auditors for the year 2015.

Since it is no longer mandatory to apply IFRS accounting standards, it has been evaluated whether a transition to 'NL GAAP' would be preferred. Both after an internal evaluation between the audit committee and CFO and consultation with the external auditors, it was decided to prepare the annual accounts in accordance with Title 9, Book 2, of the Netherlands Civil Code with effect from the 2015 financial year. The financial implications of this change of accounting principals are explained in note 2 of the explanatory notes to the consolidated annual accounts.

#### Remuneration committee

The remuneration committee consists of Messrs N.I.M. Hermans (chairman) and Mr H.P.M. Kivits.

The main topics that were discussed during the meetings concerned the adoption of the fixed remuneration for the board of directors and senior management for the coming year and the adoption of the variable remuneration of the board of directors and senior management for the past year under review. Furthermore, the results of a study into the remuneration ratios at Simac in relation to the market were discussed. During the year under review, the remuneration committee met twice.

Recruitment and selection of members of the (supervisory) board are the responsibility of the remuneration committee.

#### Remuneration of the supervisory board

The remuneration for the members of the supervisory board has been set in accordance with the decision of the general meeting of shareholders.

Finally, we want to express our gratitude to all members of management, the employees and the works council for their hard work in 2015. Although in this year under review the results are still under pressure, the trend is going up and that is a great compliment to all those working for Simac each day.

On behalf of the supervisory board,

H.P.M. Kivits  
Chairman

Veldhoven, 6 April 2016

# 2015

**SIMAC** CONDENSED CONSOLIDATED  
ANNUAL ACCOUNTS

Amounts are in thousands of Euros

**CONSOLIDATED BALANCE SHEET BEFORE APPROPRIATION OF THE RESULT**  
**As at 31 December 2015 (2014)**

<b>ASSETS</b>	<b>2015</b>	<b>2014</b>
Intangible fixed assets	2	-
Tangible fixed assets	5,429	5,341
Financial fixed assets	9,233	9,800
Deferred tax assets	2,337	2,575
<b>Fixed assets</b>	<b>17,001</b>	<b>17,716</b>
Inventories	3,290	1,487
Work in progress	-	-
Trade debtors	52,125	35,692
Other receivables and prepayments	13,416	11,686
Cash and cash equivalents	361	1,043
<b>Current assets</b>	<b>69,192</b>	<b>49,908</b>
<b>Total assets</b>	<b>86,193</b>	<b>67,624</b>

<b>EQUITY AND LIABILITIES</b>	<b>2015</b>	<b>2014</b>
Shareholders' equity	22,516	21,778
Minority interest	1,172	-31
<b>Group equity</b>	<b>23,688</b>	<b>21,747</b>
<b>Provisions</b>	<b>3,179</b>	<b>4,399</b>
<b>Long-term liabilities</b>	<b>74</b>	<b>124</b>
Credit institutions	3,599	1,792
Interest-bearing debt	49	46
Work in progress	1,145	403
Trade creditors	27,923	14,666
Taxes and social security premiums	4,764	5,407
Other payables and deferred income	21,772	19,040
<b>Short-term liabilities</b>	<b>59,252</b>	<b>41,354</b>
<b>Total equity and liabilities</b>	<b>86,193</b>	<b>67,624</b>

Amounts are in thousands of Euros

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**For the year ending 31 December 2015 (2014)**

	2015	2014
<b>Net turnover</b>	<b>185,292</b>	<b>177,027</b>
Changes in work in progress	1,085	-3,212
Other operating income	174	1,994
<b>Total operating income</b>	<b>186,551</b>	<b>175,809</b>
Subcontracted work and other external costs	96,050	83,237
Personnel expenses	68,913	69,380
Depreciation of (in)tangible fixed assets	1,973	2,363
Impairment of fixed assets	-	539
Other operating expenses	17,877	18,928
<b>Total operating expenses</b>	<b>184,813</b>	<b>174,447</b>
<b>Operating result</b>	<b>1,738</b>	<b>1,362</b>
Share in result of participations	105	-105
Interest receivable and similar income	106	91
Interest payable and similar expenses	-143	-134
<b>Financial income and expenses</b>	<b>68</b>	<b>-148</b>
<b>Result from ordinary activities before taxation</b>	<b>1,806</b>	<b>1,214</b>
Corporate income taxes	-784	-352
<b>Group result after taxation</b>	<b>1,022</b>	<b>862</b>
Minority interest	-17	-16
<b>Net result after taxation</b>	<b>1,005</b>	<b>846</b>

Amounts are in thousands of Euros

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ending 31 December 2015 (2014)

Cash flow from operating activities	2015	2014
<b>Operating result</b>	<b>1,738</b>	<b>1,362</b>
<i>Adjustments:</i>		
Depreciation and impairments	1,973	2,902
Proceeds from sale of subsidiary	-	-1,236
Changes in provisions	-1,313	930
<b>Total adjustments</b>	<b>660</b>	<b>2,596</b>
<i>Changes in working capital:</i>		
Inventories and work in progress	936	2,515
Trade debtors	-7,578	224
Other receivables and prepayments	-910	-1,689
Trade creditors	7,324	-695
Taxes and social security premiums	-341	263
Other payables and deferred income	786	305
<b>Total changes in working capital</b>	<b>217</b>	<b>923</b>
<b>Cash flow from operations</b>	<b>2,615</b>	<b>4,881</b>
Interest and dividend received	184	179
Interest paid	-143	-134
Corporate income taxes paid	-1,585	-76
<b>Net cash from operating activities</b>	<b>1,071</b>	<b>4,850</b>

The cash flow statement is continued on page 23

Amounts are in thousands of Euros

<b>Cash flow used in investing activities</b>	<b>2015</b>	<b>2014</b>
Investments of (in)tangible assets	-1,967	-1,730
Disinvestments of (in)tangible assets	49	66
Acquisition of subsidiaries, net of cash acquired	-300	-
Disposal of subsidiaries, net of cash disposed of	185	1,019
Issued loans and warranties	-736	-8,017
Proceeds from outstanding loans and warranties	315	190
<b>Net cash used in investing activities</b>	<b>-2,454</b>	<b>-8,472</b>

<b>Cash flow from financing activities</b>	<b>2015</b>	<b>2014</b>
Dividends paid	-303	-1,502
Other changes in equity and minority interest	50	1
Changes in overdraft at credit institutions	1,293	1,792
Repayment of interest-bearing debt	-47	-46
<b>Net cash from financing activities</b>	<b>993</b>	<b>245</b>
<b>Changes in cash and cash equivalents</b>	<b>-390</b>	<b>-3,377</b>

<b>Reconciliation of cash movements</b>	<b>2015</b>	<b>2014</b>
Balance at the end of reporting period	361	1,043
Cash disposed of	-292	-331
Balance at the beginning of reporting period	1,043	4,751
<b>Changes in cash and cash equivalents</b>	<b>-390</b>	<b>-3,377</b>

## SUMMARY OF ACCOUNTING PRINCIPLES

Simac Techniek NV is established in the Netherlands, having its registered office at De Run 1101 in Veldhoven, the Netherlands. The condensed consolidated annual account for the 2015 financial year includes Simac Techniek NV and its subsidiaries (jointly referred to as "Simac" or the "the Group" and separately as the "group entities") and the interest of Simac in non-consolidated participations. Simac is actively engaged in system integration and ICT service provision (information and communication technology) and IE&A (industrial electronics and automation) technologies. The geographical focus of Simac is on the Benelux. In addition, Simac operates in the Czech Republic.

The consolidated balance sheet as at 31 December 2015, the 2015 consolidated profit and loss account and the 2015 consolidated cash flow statements have been drawn up with the objective of providing a condensed analysis of the development of the financial position and operational results of Simac Techniek N.V. This condensed annual report has been directly derived from the consolidated annual accounts of Simac Techniek N.V., which provides a better insight into the financial position and results of Simac Techniek N.V. The financial information has been drawn up on the basis of the accounting principles outlined below. This condensed annual report is a translation of the Dutch condensed annual report. In case of differences in interpretation, the Dutch condensed annual report prevails.

### General

The general basis for the consolidated annual accounts for the valuation of assets and liabilities, as well as for the calculation of the result, is the acquisition price or manufacturing cost. Unless stated otherwise, assets and liabilities are stated at nominal value.

### Functional currency and presentation currency

The annual accounts are presented in Euros, the functional currency of Simac. All financial information in Euros has been rounded off to the nearest thousand, unless stated otherwise.

### Change of accounting principals

It has been decided to apply the accounting principles of Title 9, Book 2, of the Netherlands Civil Code, including any strong recommendations according to annual reporting guidelines, with effect from 1 January 2015. The comparative figures of the balance sheet and the profit and loss account of the previous financial year have been adjusted to the new system.

### Estimates and assessments

Drawing up the annual accounts in accordance with Title 9, Book 2, of the Netherlands Civil Code requires management to make assessments, estimates and assumptions which affect the applied principles, the reported value of assets and liabilities and income and expenditure.

The estimates and corresponding assumptions are based on past experiences and various other factors which, given the circumstances, are deemed reasonable. The actual outcomes may deviate from these estimates and could lead to material adjustments in subsequent financial years. Significant influence of estimates and assumptions mainly manifest themselves in the valuation of fair value measurements of assets and liabilities in the event of takeovers, deferred tax receivables, projects in progress and provisions.

Estimates and underlying assumptions are under continuous review. Revised estimates are included in the period in which the estimates are revised and in future periods affected by that revision.

### **Important principles for financial reporting**

The summarised accounting principles set out below have been consistently applied to all periods presented in these condensed, consolidated annual accounts. The accounting principles have also been consistently applied to the entities that form part of Simac. For a full description of the principles reference is made to the 2015 annual accounts.

### **Consolidation principles**

The consolidated annual accounts of Simac include the financial data of the group companies and other legal entities in which a controlling interest can be exercised or in which Simac conducts the overall management. Group companies are participations in which the company holds a majority interest, or in which a policy-setting influence can be exercised in some other way. The determination whether a policy-setting influence can be exercised involves financial instruments that contain potential voting rights and which can be exercised immediately, thereby giving the company more or less influence.

The items in the consolidated annual accounts are prepared in accordance with uniform accounting principles of the group.

Newly acquired participations are included in the consolidation from the moment that policy-setting influence can be exercised. Divested participations are included in the consolidation until the date of termination of this influence.

The group companies are fully consolidated, in which the third-party minority interest is shown separately. If the losses attributable to the third-party minority interest exceed the minority interest in the equity of the consolidated company, the difference, as well as any other losses, will be charged fully to the majority shareholder. The third-part share in the result is deducted from the group result separately, as the last item in the consolidated profit and loss account.

#### *Elimination of transactions in the event of consolidation*

Intra-group balances and transactions and any unrealised profits and losses on transactions within Simac or income and expenses from such transactions are eliminated when drawing up the consolidated annual account.

### **Foreign currencies**

#### *Transactions in foreign currency*

Transactions made in foreign currency are converted into the functional currency of Simac at the exchange rate on the transaction date. Monetary assets and liabilities expressed in foreign currency are converted into the functional currency on the transaction date, at the exchange rate applicable on that date.

Non-monetary assets and liabilities in foreign currencies that are included at fair value are converted into exchange rates that applied on the dates at which the fair value was ascertained. Exchange rate differences that occur are included in the profit and loss account.

### *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value corrections made during consolidation, are converted into Euros at the rate applicable on the reporting date. The turnover and costs of foreign operations are converted into Euros at the rate approached by the exchange rate on the transaction date. Exchange rate differences arising from conversion are incorporated in the reserve translation differences, except insofar as the exchange rate difference is attributable to minority interests.

### **Financial instruments**

#### *Non-derivative financial instruments*

Loans, receivables and deposits are incorporated by Simac upon initial recognition, on the date they are formed. In the event of all other financial assets, the initial recognition takes place on the transaction date. The transaction date is the date on which Simac commits to the contractual provisions of the instrument.

Simac no longer includes a financial asset in the balance sheet if the contractual rights to the cash flows from the asset lapse or if Simac transfers the contractual rights to receiving the cash flows from the financial asset by means of a transaction, practically transferring all risks and benefits attached to ownership of this asset in the process. If Simac retains or creates an interest in the transferred financial assets, this interest will be included as an asset or liability, separately.

Financial assets and liabilities are only set off and shown in the balance sheet if Simac has a legally enforceable right to this setoff and provided Simac intends to set off on a net basis or realise the asset and liability simultaneously.

### **Principles of the cash flow statement**

The cash flow statement has been prepared using the indirect method. The funds consist of liquid assets. Cash flows in foreign currencies are converted at the rates used in the profit and loss account.

Revenues and expenses from interest and tax on profits are included in the cash flow from operating activities. Dividends paid by Simac to its shareholders are included in the cash flow from financing activities.

The acquisition price of acquired group companies is included in the cash flow from investing activities, insofar as payment was made in cash. Cash present in the acquired group companies are deducted from this. When disposing of group companies, the net sale price, to the extent received, is recognised after deduction of liquid assets sold.

Transactions which do not involve an exchange of cash are not recognised in the cash flow statement.

## **Accounting principles**

A summary of the key principles is outlined below:

### **Property, plant and equipment**

#### *Inclusion and valuation*

Tangible fixed assets are stated at cost price, reduced by cumulative depreciations and cumulative impairment losses.

#### *Depreciations*

Depreciations are charged to the profit and lost account in accordance with the straight-line method, on the basis of the estimated useful life of each part in a tangible fixed asset.

#### *Leased assets*

Lease agreements in which Simac takes on practically all risks and benefits attached to ownership are classed as financial leases. Other leases concern operational lease agreements of which the leased assets are not included in the balance sheet of Simac.

### **Projects in progress instructed by third parties**

Simac carries out projects instructed by third parties, on a contract basis. The costs by virtue of a project are recorded when incurred. Provided the results of a project can be reliably estimated, project revenues and costs are recorded across the contract term. If the project results cannot be reliably estimated, revenues are only recorded up to the amount of the project costs incurred, insofar as these are covered by the project revenues with sufficient certainty. If total project costs are likely to exceed total project revenues, the full anticipated loss will be included as a change in project in progress. Revenues of projects that are yet to be completed are shown as a change in projects in progress. Upon completion, total project revenues are shown as turnover, in which project proceeds allocated earlier will be deducted from the change in projects in progress.

Simac uses the percentage of completion method for measuring the performances delivered in the execution of the projects. In this method, project costs incurred are compared with and expressed as a percentage of the total estimated project costs. Revenues and costs are recorded in the profit and loss account on the basis of this progress. Expenses incurred in one year for project activities in the next are not included in the calculation. Projects are shown on the balance sheet on a collective basis, as a receivable from or debt to the clients by virtue of the contracts. Reference is made to a receivable if the amount of the collective return realised exceeds the amount of the terms invoiced. If the collective amount of the return realised is lower than the terms invoiced, reference is made to a debt.

### **Trade and other receivables**

Upon initial measurement, trade and other receivables are included at fair value and subsequently stated at amortised costs price, which is equal to the nominal value, after deduction of the provisions deemed necessary for the risk of irrecoverable. These provisions are determined on the basis of an individual assessment of the receivables.

## **Net turnover**

### *Sale and installation of goods*

Turnover from the sale and installation of goods is included at fair value of the consideration received or to be received, after deduction of trade discounts. Revenue from the sale of goods and projects is incorporated in the profit and loss account if the important risks and benefits of ownership have been transferred to the buyer, the collection of the consideration due is likely, the costs in connection with this or the possible return of goods can be estimated reliably, the goods are not subject to continuous management engagement and the scope of the revenue can be ascertained reliably. If a discount is likely to be granted and provided this can be ascertained reliably, the discount is included as a reduction of the revenue when incorporating the sales.

The transfer of risks and advantages varies according to the conditions of the relevant sales contract, yet usually takes place at the moment of delivery of the goods at the client in the event of selling goods. Risks and benefits in relation to the sale of projects are usually transferred upon project acceptance by the customer.

### *Service and management contracts and other service provision*

Turnover by virtue of service and management contracts and other services is included in the profit and loss account in accordance with the phase of completion of the transaction on the balance sheet date. The phase of completion can be ascertained on the basis of assessments of the work performed.

### *Projects in progress instructed by third parties*

Revenues from projects in progress carried out on the instruction of third parties are in relation to projects carried out for customers and which are subject to an obligation of result. It concerns projects in the fields of ICT infrastructures and ICT applications.

Contractual revenues include the initial amount as contractually agreed, increased by possible deviations in the contractual work, insofar as it is likely that they will generate revenues and can be ascertained reliably.

If a reliable estimate can be made of the result of a project in progress carried out on the instruction of third parties, the contractual revenues will be incorporated in the result in accordance with the phase of project completion. The phase of completion can be ascertained on the basis of assessments of the work performed. If the result of a contract cannot be ascertained reliably, contractual revenues will only be incorporated insofar as it is likely that the contract costs incurred will be recouped.

Contractual expenses are included as soon as they are incurred, unless these expenses lead to the formation of an asset which is related to future contractual work. Anticipated losses in a project are included in the result immediately.

## INDEPENDENT AUDITOR'S REPORT

To: the shareholders and Supervisory Board of Simac Techniek N.V.

### *Our opinion*

We have audited the accompanying condensed consolidated annual accounts 2015 of Simac Techniek N.V., based in Veldhoven.

In our opinion the condensed consolidated annual accounts are consistent, in all material respects, with the audited financial statements of Simac Techniek N.V. in accordance with the principles described in the notes.

The condensed consolidated annual accounts comprise:

1. the consolidated balance sheet as at 31 December 2015;
2. the consolidated profit and loss account and the consolidated cashflow statement; and
3. the notes comprising a summary of the applicable accounting principals.

The condensed consolidated annual accounts do not contain all the disclosures required by Part 9 of Book 2 of the Netherlands Civil Code. Reading the condensed consolidated annual accounts, therefore, is not a substitute for reading the audited financial statements of Simac Techniek N.V.

### *Basis for our opinion*

The condensed consolidated annual accounts are derived from the audited financial statements of Simac Techniek N.V. for the year ended 31 December 2015. We expressed an unqualified audit opinion on those financial statements in our report dated 6 April 2016. Those financial statements, and the condensed consolidated annual accounts, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the condensed consolidated annual accounts' section of our report.

We are independent of Simac Techniek N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of management and the Supervisory Board for the condensed consolidated annual accounts*

Management is responsible for the preparation of a summary of the audited financial statements in accordance with the principles described in the notes. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the condensed consolidated annual accounts that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the condensed consolidated annual accounts, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the condensed consolidated annual accounts using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the condensed consolidated annual accounts.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

#### *Our responsibilities for the audit of the condensed consolidated annual accounts*

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed consolidated annual accounts. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standard on Auditing 810, ethical requirements and independence requirements.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

#### **Report on other legal and regulatory requirements**

##### *Other information*

This report includes, next to the condensed consolidated annual accounts and our opinion thereon, other information. This other information consists of:

- Notice from the board of directors;
- Directors' report;
- Corporate Governance;
- Report from the supervisory board.

We report pursuant to legal requirements of the auditing standards that we have nothing to report regarding the other information.

Our opinion on the condensed consolidated annual accounts does not include the other information and we do not express an opinion or other assurance conclusion on the other information. As part of our audit on the financial statements and based on the auditing standards, it is our responsibility to read the other information.

We have to assess whether there are any material inconsistencies between the other information and the condensed consolidated annual accounts. In order to do so, we use the obtained audit evidence of audit of the condensed consolidated annual accounts and the conclusions drawn in our audit. We also determine whether the other information in other ways seems to include material deficiencies. If we conclude, based on the procedures performed, that the other information includes a material deficiency, we are required to report this matter.

Management is responsible for the preparation of the other information.

Eindhoven, 12 April 2016

For and on behalf of BDO Audit & Assurance B.V.

w.s. P.P.J.G. Saasen